

Whale and Dolphin Conservation Report and Financial Statements 2019-2020



A world where every whale and dolphin is safe and free

Registered number: 2737421 • English registered charity number: 1014705 • Scottish registered charity number: SC040231

Contents

	Page
About WDC	1
A message from the chairman	2
Legal and administrative information	3
Report of the trustees	4-16
Independent auditor's report	17-19
Consolidated statement of financial activities (incorporating the income and expenditure account)	20-21
Consolidated and charity balance sheets	22
Consolidated cash flow statement	23
Notes to the financial statements	24-40

About WDC

WDC, Whale and Dolphin Conservation, is the leading charity dedicated to the protection of whales and dolphins.

Our teams in the UK, USA, Germany and Australia – along with Fundación Cethus in Argentina – work across the world, and in every ocean, to give a voice to whales and dolphins.

Through our work, we inspire global action from governments, policy-makers and individuals to achieve our vision of a world where every whale and dolphin is safe and free.

We are authorities on the issues facing whales and dolphins and our work ranges from campaigning, lobbying and advising governments, to running conservation projects, partnerships, rescue work, science, education and fieldwork.

We increase awareness of new science and understanding of whale and dolphin culture and intelligence. At the same time we build a greater appreciation of the role whales and dolphins play in healing our oceans and tackling climate change.

We are entirely funded through voluntary donations and grants by people and partners who, like us, believe that whales and dolphins are extraordinary.

A message from the Chairman

There are plenty of reasons why people might want to put 2020 behind them – it has been a gruelling and stressful time for many. It has also been an opportunity for pause and reflection and, as I look back over the last twelve months, I feel genuinely optimistic for the future and more confident than ever in WDC's mission.

Faced with a worldwide pandemic, we have seen what is possible when people pull together – from the actions of governments to the efforts of health workers, scientists and countless unsung individuals. We have been reminded that everything is connected and that there are consequences to our mistreatment of this precious planet – our only home. We have taken solace from nature, from the sound of birdsong through our windows to accounts of whales and dolphins reclaiming empty shipping lanes. Public concerns over climate breakdown have remained high, despite, or perhaps because of the health crisis, and there are loud calls for governments to prioritise a green recovery – not just return to the old way of doing things.

I am proud of how WDC has risen to the challenge of the pandemic – from those who have kept our Chippenham office up and running, worked from home, or taken furlough, to all our colleagues and volunteers in the Scottish Dolphin Centre, in Germany, the US and Australia and our friends in South America – this has been a team effort. We have also had considerable encouragement from our wonderful partners and supporters and it has been heart-warming to see so many examples of how we have all helped each other through this strange year.

It is ironic that, as many of us adjusted to isolation at home, two former captive beluga whales, Little White and Little Grey, were feeling the sun on their backs and tasting the ocean again for the first time in years. Opening the world's first whale sanctuary in the midst of a global health emergency was not quite what we'd planned, but all credit is due to our team, supporters and, of course, our partners at The SEA LIFE Trust for pulling it off. The project is a beacon of hope for the 3,500 or so whales and dolphins still languishing in featureless concrete tanks around the world.

While many of us stood at our front doors clapping heroic NHS staff, it is hard to fathom the Norwegian and Japanese governments' treatment of their whalers as key workers with further subsidies and support to undertake whaling. We can, though, take some comfort from the overall continuing decline in whale meat consumption, another year with no Icelandic whaling, and the UK government's commitment to back WDC's call for an end to the transit of whale meat through UK ports. The battle to stop whaling goes on, but it is one that we can and will win.

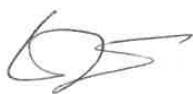
We can only guess at how whales and dolphins experienced humanity's lockdown, but we can be pretty sure they didn't miss the deafening noises we inflict on them. A positive legacy of the pandemic would be for us to make more space for nature - especially in the Ocean. We were delighted therefore with the Scottish government's announcement of new marine protected areas for Risso's dolphins, the New Zealand government's increased protections for Māui and Hector's dolphins and the endorsement, by the Scientific Committee of the International Whaling Commission, of our conservation plans for South America river dolphins. These all resulted from fieldwork, lobbying and campaigning by WDC, sometimes over decades, and are a credit to the expertise and determination of our teams.

Bycatch remains the biggest immediate threat to whales and dolphins worldwide and so we welcomed the decision by Asda to work with us to audit their supply chains. This is a major step by one of the UK's largest supermarkets to show leadership in reducing bycatch. It is a vindication of WDC's efforts to engage enlightened businesses to become part of the solution to the nature and climate crises.

Later this year, world leaders will converge on Glasgow for the UN's conference on climate change and the stakes could not be higher. If we are going to prevent catastrophic climate breakdown we need, in the words of David Attenborough "to work with nature rather than against it" and WDC will be making the case for whales and dolphins as intelligent allies in the fight against climate change.

It is easy to be cynical about these big events - and the gap between politicians' rhetoric and their actions - but this year feels different. The pandemic, the urgency of the crises we are facing and the growing consensus from the public, businesses and governments on the need for action all give me hope.

And we should remember that we have been here before. Thirty five years ago the world came together to call an end to the barbaric practice of commercial whaling, a decision that pulled whales back from the brink of extinction. The threats facing whales, dolphins and porpoises have not gone away, and the solutions are complex and take time. But anything is possible when we all pull together.



Dr. Lisa Drewe

Legal and administrative information

Trustees

The trustees, who are also directors, who held office during the year, unless otherwise stated, were as follows:

Lisa Drewe (Chairman)
John Gerard Leigh
Johnny Reed
Percy Kelland
Philip Smith
Alex Hunt (from 19 April 2021)

Senior Management team

Chris Butler-Stroud – Chief Executive
Jane Bryan – Director of Finance
Sian Davies-Hamilton – Director of Human Resources
Ed Fox – Director of Marketing and Communications
Helen Mitchell – Director of Fundraising
Vanesa Tossenberger – Director of Policy
Chris Vick – Director of Strategic Development

Registered office and principal office

Brookfield House
38 St. Paul Street
Chippenham
Wiltshire
SN15 1LJ

Auditor

BDO LLP
Bridgewater House
Counterslip
Bristol
BS1 6BX

Investment Managers

Barclays Wealth, Gerrard Investment Management
4th Floor, Tay House
300 Bath Street
Glasgow
G2 4LH

Bankers

Barclays Bank plc
99 Hatton Garden
London
EC1N 8DN

Solicitors

Royds Withy King
5-6 Northumberland Buildings
Queen Square
Bath
BA1 2JE

Charity number: 1014705 (England and Wales)
SC040231 (Scotland)

Company number: 02737421

Report of the Trustees

The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiaries for the year ended 30 September 2020, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Charities Act 2011, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Trustees have considered a period of at least 12 months from the date of signing these financial statements. Given the level of reserves, cash and bank balances and the current operating position of the charitable group, they consider that the accounts should be prepared on a going concern basis.

Structure, governance and management

The charity is an incorporated legal entity limited by guarantee, the business of which is governed by its Memorandum and Articles of Association dated 17 November 2008. It is registered as a charity with the Charity Commission in England and Wales and the Office of the Scottish Charity Regulator. As at 30 September 2020 there were five trustees on the board. A sixth trustee was elected on 19 April 2021.

Appointment of trustees

Trustees are appointed by the board of trustees by a majority vote on a skills basis. Trustees serve for a three year period and may then be re-elected.

Trustee induction

New trustees receive information on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the strategic plan and recent performance of WDC. They meet key employees and other trustees.

Organisation

The trustees meet four times a year to review the strategy and performance of WDC and to approve operating plans and budgets. To facilitate effective operations, the Chief Executive and senior management have delegated authority, approved by the trustees, for operational matters including finance, employment and policy activities. The trustees approve such strategies and monitor and evaluate their implementation on a regular basis.

Governance code

The trustees are mindful of the principles and recommended practice set out in the Charity Governance Code and believe the charity applies the principles, as evidenced in this annual report, of organisational purpose, leadership, integrity, decision making, risk and control, board effectiveness, diversity, openness and accountability.

Related parties

The charity has three subsidiaries. The trading subsidiary, WDC (Trading) Ltd., raises income through merchandise, running a café, licensing and lotteries. It gift aids any taxable profits to the charity. WDC Germany GmbH, a charitable company under German regulations, was founded to expand awareness of WDC's work within Germany and German speaking EU countries. Whale and Dolphin Conservation, Inc., a charitable company under United States regulations, is an organisation with similar aims and objectives as WDC. The organisation raises funds, mainly via a whale adoption programme formerly run by the International Wildlife Coalition. The US charity has developed a programme of policy work to enhance international and national efforts of the charity.

The charity also financially supports the connected charity WDC Australasia, which was established in October 2003. As well as funding the set up period of this organisation, which has similar aims and objectives to the UK based charity, WDC also provides management advice as and when required by WDC Australasia. WDC Australasia continues to assist in the delivery of WDC policy work, both within Australia and New Zealand and internationally.

Risk management

The trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The charity is operating efficiently and effectively;

Report of the Trustees (continued)

Structure, governance and management (continued)

- Its assets are safeguarded against unauthorised use or disposition;
- Proper records are maintained and financial information used within the charity or for publication is reliable;
- The charity complies with relevant laws and regulations

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the trustees;
- Regular consideration by the trustees of financial results, variance from budgets and non-financial performance indicators;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The trustees have reviewed the formal risk management process introduced by the Chief Executive. This process is linked to the strategic plan and reviewed in line with annual planning processes. Systems have been developed to monitor and control these risks:

- Identifying the types of risk WDC faces;
- Prioritising them in terms of potential impact and likelihood;
- Identifying means of mitigating the risks.

These risks and controls are reviewed by the trustees on a regular basis.

The four main risks identified as part of the risk management process and the actions we are using to address these risks are:

1. *COVID-19.* We are still assessing the impact that COVID-19 will have on the activities, income and reserves of the charity. In February 2020 we established a small team that met regularly to assess and plan for potential lockdown. As this came to pass, we implemented home-working for most staff and safety procedures to allow those few staff who do continue to use our offices to work safely and within government guidelines. This is continually being assessed. We comment further on the impact of COVID-19 below.
2. *Government Policy.* We are still in a period of uncertainty with regard to the withdrawal of the UK from the European Union. The major risk is that uncertainty has a negative impact on consumer behaviour. We are also concerned to ensure that the strict level of protection afforded to cetaceans in current EU law is carried over into UK law and is not diluted under pressure from other countries to create favourable trade deals. WDC is working with a coalition of UK NGOs to represent its views to government and the EU. We remain receptive to supporters' views on these issues and continue to keep them informed of our activities through publications and website and then communicate our collective views to government and agencies.
3. *Reliance on established income streams:* Income from individual giving has stabilised during the period but remains a significant proportion of our income. Whilst we have grown our income from corporate partners, we shall continue to seek to diversify our individual giving to ensure growth but also reduce risk of reliance on one income stream.
4. *Ability to keep up-to-date with supporter segmentation and the impact of technological advances which are vital in order to communicate with our supporters and other stakeholders.* We recognise that communication via the web and social media is of the upmost importance and are currently updating our website to be able to maximise our ability to use the internet in an efficient and effective way. We have an IT service group that regularly meets to review support and we have hired new staff with specialist e-media experience. We shall continue to be outwardly facing with regard to changes in technology to ensure that WDC is able to maximise our ability to communicate with stakeholders.

Key Management Pay

The pay of key staff is reviewed annually and normally increased in line with any pay increase given throughout the organisation as a whole. WDC salary bands are reviewed against independent benchmarking surveys at least once in a two-year period. The market data considers charity pay in organisations of our size (income and staff), charity area and location. WDC considers its key management personnel to be the Trustees and the members of the UK senior management team. Trustees are unpaid. Senior management team salary, except for that of the Chief

Report of the Trustees (continued)

Structure, governance and management (continued)

Executive, is set by the Chief Executive and approved by the Trustees. The Chief Executive's pay is set by the Trustees.

Objectives and Activities

Whales and dolphins are sentient beings, with their own cultures, the right to life and freedom, and a vital role to play in the health of our planet. These twin pillars of 'Whale Culture' and the 'Green Whale' are the foundation for our vision - that every whale and dolphin is safe and free - and our efforts to stop whaling, end captivity, create healthy seas and end bycatch.

WDC delivers its objectives through a combination of campaigns, projects, conservation, scientific research, education, outreach and lobbying. Our work is funded through voluntary donations and grants and supported by individuals and partners in the not-for-profit and private sectors.

In Scotland, in addition to the above delivery of objectives, we operate the Scottish Dolphin Centre in Moray.

WDC's long-term goals are:

- to inspire a global movement of people acting for whales and dolphins,
- for whale and dolphin populations to have recovered,
- for restored habitats where whales and dolphins can flourish,
- that every whale and dolphin is safe and free.

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

Achievements and performance

The Covid-19 pandemic led to considerable disruption to WDC's plans for 2020, with meetings cancelled, offices closed and specialist teams furloughed. Despite this we were able to make strong progress across all of our programmes - and this a credit to our staff, partners and supporters. The activities set out below highlight just a few of our achievements over this period.

As a result of a major strategic review, we were also able to make significant progress in developing and focusing our future priorities, and these will shape our plans for 2021 and beyond.

1. Stop Whaling

(Aim: reduce the numbers of whales and dolphins killed and the numbers of countries whaling)

The 1986 moratorium on whaling remains one of the greatest international conservation agreements ever and one which needs to be defended. WDC works through international fora such as the International Whaling Commission (IWC) and Convention on International Trade in Endangered Species (CITES), advising governments that oppose those who would overturn the ban.

We work to counter the efforts of the governments of whaling nations to disregard, undermine or seek loopholes in international conventions and agreements protecting cetaceans. As well as operating at a governmental level, we work on the ground in whaling countries, with the groups and voices that oppose whaling and which will bring about eventual cultural change. We campaign to ensure the issue of whaling remains high on the agenda, for example, by putting pressure on countries not to allow whale meat to be exported through their ports, or making sure the issue is always raised during trade negotiations with whaling nations.

Highlights for 2020:

Iceland - In April news emerged that the last minke whaling company in Iceland was ending the practice for good and, for a second year running, the remaining fin whaling company, Hvalur hf, would not be whaling. This is tremendous news for WDC's long-running campaign against Icelandic whaling, and our strategy - from promoting responsible whale-watching to establishing the world's first beluga whale sanctuary - of nudging Iceland towards becoming a whale-friendly nation.

UK Ports - After some six years of WDC campaigning the UK government has acknowledged in the UK press its commitment to prohibit the transit of whale meat through UK ports.

Report of the Trustees (continued)

Achievements and performance (continued)

Plans for the future

WDC will:

- Fund ground-breaking research on the critically endangered Atlantic humpback dolphin whilst working closely with local communities, researchers and governments to mitigate the threats (specifically direct hunting and bycatch) facing the species.
 - Develop stronger links with anti-whaling groups within whaling nations – particularly Japan and Norway - to create more culturally effective campaign strategies that reduce domestic support for whaling.
 - Continue to monitor and counter any moves by Japan, which still has a strong voice inside the IWC and is an active observer, which might weaken protections for whales and dolphins.
 - Continue to work closely with the relevant expert working groups within both IWC and Convention on Migratory Species (CMS) to tackle the unsustainable and mostly illegal slaughter of small cetaceans around the world.
-

2. End captivity

(Aim: reduce the numbers held in captivity and develop sanctuaries or release programmes, for those held)

WDC was among the first organisations to oppose the keeping of whales and dolphins in captivity for entertainment and has campaigned and lobbied against the industry for many years. This has led to outright bans on captures and captivity in some countries and severe restrictions on the import, export and the keeping of whales and dolphins in others. We aim to put an end to capture and trade altogether. With respect to the 3,500 or so whales and dolphins already in captivity the aquariums will need to evolve as quickly as the public's attitude and WDC is well placed to use our expertise to create a better future for these whales and dolphins.

Highlights for 2020:

The World's first beluga whale sanctuary - This year saw the release of two captive beluga whales, Little Grey and Little White, into their new purpose-built sanctuary in Iceland, an event that was documented in a hugely popular ITV television programme fronted by celebrity John Bishop. WDC is a founding partner of The SEA LIFE TRUST Beluga Whale Sanctuary, the world's first ocean whale sanctuary. It is a project that has been several years in the making and provides a blueprint for the development of other sanctuaries around the world and an alternative to whales and dolphins being held captive for human entertainment.

Influencing the tourism industry: working with NGO partners Born Free, Humane Society International, World Animal Protection and World Cetacean Alliance, we launched a vision for the future of whale and dolphin tourism and participated in a webinar for the World Travel Market

Bycaught porpoises: We have collaborated with Dolphinaria Free Europe to highlight the issue of bycaught porpoises being taken into captivity in a Danish aquarium.

Upholding the law in North America: We have provided comments to the authorities in the United States regarding beluga whale trade, which have resulted in strict limitations being placed on a proposed captive beluga import into the country

Ending captivity in Germany: Over 7,000 people have signed our protest to Duisburg Zoo and Nuremberg Zoo so far, an important milestone on the way to closing the last two dolphinariums in Germany.

Plans for the future

WDC will:

- Identify other captive beluga whales who might be rehomed in The SEA LIFE TRUST Beluga Whale Sanctuary and support other organisations interested in following the model set by the project.
 - Run a campaign to grow public awareness of the issue of whale and dolphin captivity among the UK public.
 - Continue our work in international conventions to secure protection against live captures for whales and dolphins and support the development of legislation that restricts the keeping of whales and dolphins in captivity.
 - Work with the China Cetacean Alliance to address the alarming growth of whale and dolphin captivity in China.
 - We are developing a phase out captivity proposal in Germany with the aim of convincing ruling parties to end captivity for good. A good entry point will be the national elections in the fall of 2021.
-

Report of the Trustees (continued)

Achievements and performance (continued)

3. Create healthy seas

(Aim: protect the places where whales and dolphins live)

To protect whales and dolphins we must protect their homes. This means a multi-disciplinary approach, not tackling one issue or threat but many, and often simultaneously.

This programme, therefore, encompasses a broad range of work. For example, the promotion of reducing plastic consumption through our #NotWhaleFood project and the reduction of vessel strikes in areas where whales, dolphins and vessels overlap.

A key focus in this programme is our work on marine protected areas (MPAs) and Important Marine Mammal Areas (IMMAs). Since 2017, we have collaborated in the identification of 159 IMMAs across the Mediterranean and in the Southern Hemisphere, amounting to a total of 15.7 million square kilometres. This six-year funded programme goes to 2021, and may be expanded to 2023 (confirmation to come by March 2021). The IMMA project has now examined 34% of the global ocean, and plans to tackle the rest of the ocean in the years to come. Already, there is a clear precedence of success and a real appetite from countries to protect their marine heritage and the whales and dolphins and other species which live there. WDC is a key player in this global effort.

We are putting IMMAs on governments' radars; especially focusing on areas away from island and country jurisdictions, but where there is lots of activity and which may be crucial feeding or breeding grounds, the sites of cultural activities or high diversity, or simply important 'highways' for migrating populations.

Highlights for 2020:

IMMAs - WDC worked with the IWC's shipstrike programme to look at IMMAs and evaluate threats to those cetaceans most affected by ship traffic. In February, we assisted in a workshop to identify 45 candidate IMMAs in the Australia-New Zealand and South East Indian Ocean which, after peer review, resulted in 31 IMMAs, two candidate IMMAs and 13 'areas of interest'. Having engaged in IMMA implementation work in Mozambique in November 2019, WDC continued this work in 2020 with the IUCN Marine Mammal Protected Areas Task Force. We helped authorities there to spotlight the Bazaruto Archipelago to Inhambane Bay IMMA for future protection efforts of endangered Indian Ocean humpback dolphins, humpback whales, and a rare, intact population of dugongs; this resulted in the withdrawal of the oil & gas exploration blocks by the South African energy corporation SASOL. In July, WDC helped complete the identification of 13 IMMAs, one candidate IMMA and seven areas of interest in the most marine mammal rich area of the world — the Extended Southern Ocean region. In November-December, WDC started planning the work to prepare a monitoring protocol for IMMAs in collaboration with Exeter University; this will enable the regular monitoring of threats to cetaceans, overall biodiversity in ecosystems and potential climate change.

Scottish MPAs – After almost a decade of lobbying and data collection by WDC, the Scottish government designated three cetacean Marine Protected Areas (MPAs): the Northeast Lewis Risso's dolphin MPA, Sea of the Hebrides minke whale MPA and Southern Trench minke whale MPA. These were all originally proposed by WDC and built on our field and Shorewatch data.

Southern Resident Orcas - A new agreement was reached to remove four dams on the Klamath River, which impede survival of the Southern Resident orcas' primary food source, Chinook salmon. A two-year effort to incorporate the nutritional needs of the Southern Resident orcas into salmon management decisions resulted in new measures that will be triggered if salmon returns in a year are expected to be particularly low. New regional discussions to restore Lower Snake River are supporting a collaborative process that includes the ecosystem impacts and benefits to Southern Resident orcas.

North Atlantic right whales - WDC petitioned the US government demanding that vessel speed limits be imposed in additional habitats and include additional classes of vessels to reduce collisions with critically endangered North Atlantic right whales.

River dolphins - WDC helped develop a conservation management plan for South American river dolphins which has been endorsed by the IWC Conservation Committee.

2020 Marine Forum - WDC co-hosted a day of talks and workshops. Led by WDC Shorewatch with SMASS (Scottish Marine Animal Stranding Scheme) and with 150 of our valued citizen science volunteers, we focused on identifying priorities, overcoming barriers, and providing solutions to achieve marine conservation goals.

Doorstep marine conservation: in Germany we developed a Clean-Up Guide which provides practical tips for anyone who wants to organize joint rubbish collections within cities and along rivers as 80% of all debris in our oceans originates from land and poses a serious problem for whales and dolphins. At a Clean-Up with 75 volunteers on the Isar River in Munich alone, we collected 3,500 cigarette butts. We organized eight clean ups throughout major German cities.

Swimming with Humpbacks – Following two separate incidents of swimmers disturbing nursing Humpback whales in Western Australia, WDC has once again called on the Australian government to stop programs that allow people to swim with whale mothers and calves.

Report of the Trustees (continued)

Achievements and performance (continued)

Plans for the Future

WDC will:

- continue to focus on MPAs and IMMAs that will reduce or prevent human impact in areas important for whales and dolphins. From 2021-2022, WDC will assist in IMMA identification and implementation work in the Black and Caspian Seas and in the Eastern Tropical and South East Temperate Pacific Waters (2021). We are developing a monitoring protocol for IMMAs as well as further plans for collaborative work to implement them (and encourage others to do the same), in various parts of the world. We will begin work to prepare for the identification of IMMAs in other regions, focusing on parts of the North Atlantic and South Atlantic oceans (2022-24).
 - continue to lobby Scottish government for robust management and research in the Scottish MPAs.
 - secure vessel speed restrictions to protect critically endangered North Atlantic right whales .
 - engage with regional environmental coalitions and elected officials to develop a comprehensive plan for Snake River restoration to support conservation of endangered Southern Resident orcas.
 - focus on recovering and strengthening environmental regulations under the new U.S. Administration.
 - continue to elevate the Southern Resident orcas and the role of ecosystem health in their recovery with local, state, and federal legislatures and natural resource agencies to secure necessary funding and regulatory measures.
 - publish a report setting out the known impacts of plastic on whale and dolphin individuals and populations.
 - organize two more clean-ups along river banks in German cities - engaging the public in tackling plastic pollution.
 - Work with the German Climate Alliance (including at COP26 in November 2021) to highlight the need for recognition of blue carbon and healthy seas and their role in mitigating global warming.
 - Working with Argentine authorities to commit and continue implementing MPA's
-

4. End bycatch

(Aim: reduce the number of whales and dolphins killed or injured through the accidental entanglement in fishing lines and nets)

Every year, hundreds of thousands of whales, dolphins and porpoises are accidentally killed in fishing nets and ropes. The estimated numbers dwarf every other current threat.

In addition to the deaths, many individuals suffer terribly in fishing gear, leading to wide-reaching impacts on both individuals and populations. Preventing this 'bycatch' is crucial to reducing this suffering and allowing populations to recover.

This is an increasingly important, international priority for WDC. We work with fishing communities and companies to develop methods and technologies that could reduce the number of deaths and injuries and seek to influence policy and practice at a governmental level. Our priorities include work to protect the critically endangered North Atlantic right whale off the east coast of North America and the threatened Hector's and Māui Dolphin native to New Zealand.

Highlights for 2020:

New Zealand – Following a long-running campaign by WDC, the New Zealand government finally released the Threat Management Plan (TMP) for Māui and Hector's Dolphin in June 2020. We were pleased that the Plan recommended several proposals advocated by WDC — in particular, better protection for dolphins in the waters between the top of the South Island and the West Coast of the North Island. With the help of our supporters and over 51,000 signatories to our petitions, we achieved a ban on set nets in the waters off the top of the South Island and an extension to the areas where both set nets and trawling is banned along the coast of the Taranaki Bight in the North Island. These measures are a significant improvement on the previous situation and we will continue to push for greater protection for these precious dolphins.

UK legislation: We were successful in getting a commitment to “minimise and where possible eliminate sensitive species bycatch” in the new UK Fisheries Act 2020.

EU fisheries: We were instrumental in galvanising an NGO coalition to challenge failures to implement bycatch prevention measures. We submitted a formal complaint to the European Commission that led to the EU starting legal action against France, Spain and Sweden.

Report of the Trustees (continued)

Achievements and performance (continued)

Supermarket partnership: We partnered with Sustainable Fisheries Partnership and Birdlife International to complete a bycatch audit for ASDA - the first ever supermarket to have its fisheries supply chain audited for marine mammal and seabird bycatch.

Community engagement: We worked with the Scottish creel sector to undertake disentanglement training.

WDC North America was granted stakeholder status for three different fisheries seeking certification for gear types known to pose risks to critically endangered North Atlantic right whales. Of those, the certifications for two fisheries considered to be of high risk were paused. WDC is encouraging MSC to certify fisheries using on-demand gear which will significantly reduce risk to right whales.

WDC North America and its partners supported efforts to test on-demand fishing gear for the first time in an active, offshore fishery. We also provided input and information leading to new regulations to reduce entanglements of endangered humpback and blue whales implemented in California and Oregon.

WDC Germany started a new campaign to protect the German harbour porpoise in the Baltic Sea from death in gill nets, targeting the agricultural minister responsible for fisheries with a public petition.

Plans for the future

WDC will:

- continue to work with the world's leading bycatch experts, including through our role in the IWC Bycatch Expert Group, to find the most effective and quickest ways to reduce bycatch, focusing at this time on small scale gillnet fisheries, where some of the highest numbers of dolphins, porpoises and whales are bycaught. WDC teams will continue to participate in expert workshops, particularly in the UK, EU, North America and Latin America, to find solutions for bycatch.
- continue to campaign for improved protection for Māui and Hector's dolphins and monitor the implementation of the new protection measures.
- pursue implementation of strong government policies and on-the-water bycatch prevention measures to continually reduce bycatch in UK waters.
- work with others to encourage supermarkets to consider whale and dolphin bycatch in their purchasing decisions.
- continue to engage with the Marine Stewardship Council to encourage adequate consideration of bycatch in their fish labelling scheme, so bycatch impacts are documented and prevented, and consumers can be more confident that their fish has not resulted in bycatch of non-target species.
- secure a rule that reduces the risk of entanglements to critically endangered North Atlantic right whales in US waters by at least 60%
- secure US federal funding to advance on-demand fishing gear and expand testing
- review and provide input for the Habitat Conservation Plans for California, Oregon and Washington.
- continue our campaign for the protection of the German harbour porpoise at least until the general elections in September 2021.

5. Our twin pillars: Green Whale and Whale Culture

(Aim: to establish legal protections and recognise the rights of whales and dolphins, as sentient beings, and as important allies in our fight against climate breakdown).

WDC is a leading advocate for providing legal rights and protections for whales and dolphins, and for greater recognition of the importance of culture among cetacean individuals and societies. We have also spearheaded interest in the role they play in providing ecosystem, and climate, services.

These twin pillars - what we call Whale Culture and the Green Whale - underpin all of our work and our belief in the intrinsic and extrinsic *value* of whales and dolphins. They are an increasingly important factor in our fight to end the suffering and threats faced by whales and dolphins.

Plans for the future

WDC will:

- collaborate with academic partners and others to grow the scientific evidence base underpinning these pillars.

Report of the Trustees (continued)

Achievements and performance (continued)

- partner with a leading financial institution to identify ethical funding mechanisms that support whale and dolphin conservation.
- work with leading story-tellers - from the arts, philosophy, science and marketing - to develop new and creative ways to engage the public and businesses in whale and dolphin conservation.
- continue to work through intergovernmental bodies - including the IWC, CITES and CMS - to secure greater recognition and protections for cetacean populations and individuals and recognise them as an 'international public good.'

Assessment of the impact of COVID-19

From March 2020, WDC's activities have been impacted by measures taken by governments and societies in all the locations in which we operate. We withdrew staff from fieldwork activities and from specific roles that could not be delivered during the various lockdowns, ensured most of our people are safely set up to work from home and can follow government guidelines regarding essential work and safe distancing, and we had to temporarily close the Scottish Dolphin Centre, including our thriving café and shop.

Much of our work involves working with international fora such as the International Whaling Commission, the Convention on International Trade in Endangered Species and Conservation of Migratory Species of Wild Animals. Many meetings and conferences have had to be postponed or cancelled, although our staff continue to contribute to these bodies where possible through the use of digital and virtual conferencing technologies. We remain in close contact with the SeaLife Trust in the operation of the Beluga Sanctuary although planned trips there have been postponed. Where possible, we continue to influence and support governments through online meetings and advice.

It continues to be difficult to be able to accurately assess the impact COVID-19 will have on our ongoing income and therefore on our reserves. The good news is that we have healthy unrestricted reserves of £1,939,748. We continue to regularly monitor our income and expenditure against budgets. Where possible, and where we had seen a significant restriction in their ability to deliver their roles, we have furloughed staff under the UK Government's Coronavirus Job Retention Scheme however at March 2021, only staff who are unable to work at our Scottish Dolphin Centre due to government restrictions are on any form of furlough, and flexi-furlough is being used. As previously noted, our Trading income from our Scottish Dolphin Centre will be affected, but we have drawn up a plan to return to trading at the Centre, taking into consideration our experience of operating a COVID-safe venue between January and October 2020.

The impact on individual giving is hard to predict. Despite much bad news, and the bad economic news, we actually saw an increase in this area of giving over the past few months. The true economic cost cannot be known whilst many companies continue to save jobs through the use of the Coronavirus Job Retention Scheme grant so there continues to be a lack of clarity about what the medium and longer-term effects of COVID-19 could be. We anticipate from early indicators around the group that, with so many businesses struggling, we may see a reduction in our expected income from Corporate Partners, although in the first quarter of 2020-21 we had already achieved 59% of the annual budgeted income.

Income from foundations and trusts is often linked to specific programs of work. If we are not able to undertake the work when originally planned, the funder may ask us to complete the work later, and therefore delay payment of grants. Where the funder is paying for staff salaries and contributing to the overheads of the charity through full cost accounting, this will have a negative impact on our in-year income, which could contribute to a further reduction in unrestricted reserves. This has proved to be the case and a number of projects have been postponed, although we are pleased to report a new initiative in expanding our Shorewatch work into the Northern Isles of Scotland has begun in March 2021.

There may be a decrease in funding to charities not perceived as being directly involved in the domestic humanitarian challenges highlighted by the pandemic. On the other hand there may actually be an increase in support for charities seen as tackling the systemic problems of animal welfare and environmental degradation that contributed to an environment in which the outbreak could happen. It is too early to predict either way.

The trustees reviewed the charity's estimates in March 2021 and were content that these plans were affordable and that the accounts should be prepared on a going concern basis. However, the impact of the recent Covid-19 outbreak and its financial effect has meant that the executive team and trustees have been reviewing financial plans for the next 12 months to ensure the charity can continue its business-critical activities and remain a going concern.

Report of the Trustees (continued)

Assessment of the impact of COVID-19 (continued)

The Government's decisions on social distancing is expected to have an effect on WDC's financial situation and an estimated worst-case scenario of a £2,952,000 reduction in total income for the period to 30 June 2022. This is across all areas of income, with much of this from corporate fundraising and individual income and a delay in the administration of wills.

The Trustees have continued to closely monitor expenditure. Should the above reduction in income come to fruition, there would be a corresponding reduction in costs and the Trustees have also identified further cost savings which together would amount to £2,142,000 for the period to 30 June 2022.

The length of the Covid-19 outbreak and the measures taken by the Government to contain this are not known and outside of our control but we have put processes in place to manage cash flow on a monthly basis and review financial stability as matters progress.

As part of risk analysis, we performed a stress test which assumed that there was no income from 1 Feb 2021, other than known legacies, as an extreme worst-case scenario. Allowing for the time needed to implement cost reductions the charity would have a cash balance of approximately £410,000 at the end of the period to 30 June 2022. This would see the charity through and past the 12 months period from sign off. This situation is extremely unlikely given results already achieved in the financial year which started on 1 October 2020.

Given the cash resources and unrestricted funds as at the date of signing these financial statements, and as WDC has not yet experienced a downturn of the order of the worst case scenario modelled above, let alone a no income situation, the trustees believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern. The trustees, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

The Charity does not consider that there would be a significant potential effect on the balance sheet for the year ended 30 September 2020 over and above the knock on effect of any downward effects from matters noted above.

Fundraising practices

The past year has been dominated by Covid 19, with the impact felt locally, nationally and globally. For WDC this meant adapting quickly to a new and challenging fundraising environment and I am pleased to report that that we increased income by 10% on the previous year.

We quickly revised our fundraising and communication strategies to acknowledge that all our supporters, both individuals and organisations, would be dealing with a wide range of challenges and that it was important for us to support them. We did this through posting positive news stories and content for them to enjoy and share, using amazing and inspiring images and video on all our platforms, providing whale and dolphin related educational activities for the family and being very considered in our fundraising asks.

Individual Giving

Our database of individual supporters grew during the year, despite the difficult environment, and we held our retention rate at a remarkable 84%. One of WDC's strengths is our passionate and committed supporters, including our incredible "Adopters", we simply could not deliver our programmes without their financial backing and their enthusiastic support for our campaigns. They enable us to give a voice to whales and dolphins.

Partnerships

Over the past few years WDC has continued to build our Partnerships team and we are now working with a wide range of hugely supportive partners across many sectors. We have developed in-depth expertise in working collaboratively with the video games industry and continue to engage with amazing partners who are committed to our work.

We were once again incredibly grateful to be a beneficiary of the Yogscast Jingle Jam annual fundraising event, which raised over £200,000 for WDC.

Report of the Trustees (continued)

Fundraising practices (continued)

We worked closely with the online platform Humble Bundle who are fantastic advocates of our work. Over the past year we were supported by a number of bundles covering gaming, digital learning and comics, thanks to partners including Mercury Learning International, SEGA, and Dynamite Entertainment.

Despite it being an exceedingly difficult year for retail we continued to work with a range of existing and new partners. We were very pleased to welcome onboard Cheeky Panda, a sustainable toilet paper company, and CHPO who produced a limited-edition pair of WDC sunglasses. Our ongoing partners include Dock & Bay, BRITA UK, Animal Friends Insurance, GAME and Ethical Superstore and we are most grateful to them and all our partners for their generous support in what was a very difficult trading environment.

Community and Events

Covid 19 has had a devastating effect on fundraising from community and events activity and WDC was impacted through the cancellation of mass participation events and the limited opportunities for individual fundraisers. However, despite this, we launched a new event, the Great Migration, and benefited from fantastic support from a wide range of schools, universities, community organisations, artisan partners and individual supporters, who went the extra mile, often literally, for WDC.

Philanthropy

WDC receives generous support from a number of individual donors and charitable trusts and foundations, often towards specific programmes. This support is invaluable as it allows us to carry out work that we would not have been able to otherwise undertake.

We were pleased that our application to the National Lottery Heritage Fund was successful and the funding will enable us to expand our Shorewatch citizen science project to the Northern Isles. We were grateful to receive continued funding from a long-term partner, Scottish Natural Heritage. Thanks to their ongoing support our long-term goal of designating a Marine Protected Area off Lewis was finally realised this year. Funding from the European Maritime and Fisheries Fund has enabled WDC to work with a range of partners and stakeholder to tackle the serious ongoing problem of entanglement of whales (and other species) in commercial creel fisheries off the coasts of Scotland, and we hope to secure additional funding to expand this work across the UK.

Legacies

Lastly, we would like to acknowledge our immense gratitude and thanks to everyone who so generously remembered WDC in their will, we continue to be incredibly touched that people chose to support our work in this way.

Regulation

WDC is signed up to the Fundraising Regulator, which oversees fundraising activity in the UK, and is fully compliant with its regulations. In the past year we received no complaints from any regulatory body.

WDC maintains a complaints log and one complaint was received from an individual about fundraising activity, which was investigated thoroughly.

We fully comply with GDPR regulations and all new activities are checked against these. In practice WDC has asked supporters for opt-in consent to all our channels since 2015 and has never shared data with other organisations.

WDC has a relatively small fundraising team and we work closely with a small number of carefully selected specialised fundraising agencies and companies to help us deliver our fundraising activity. We operate to the highest ethical standards in all our fundraising activity and only work with external suppliers who match our standards.

To ensure that our fundraising activity is fully compliant, we are regulated by The Gambling Commission for our bi-annual raffle, our TV ads are cleared through Clearcast, and the Advertising Standards Agency regulates our press advertising. We comply with all relevant regulations for our telephone fundraising activity and the Give as you Earn agencies we use comply with their regulatory authority.

In addition, for telephone fundraising, we undertake training with the agency's staff before campaigns, and regularly listen in to and review calls to ensure that the agency is operating to the highest standards.

Report of the Trustees (continued)

Fundraising practices (continued)

In line with the requirements under the Social responsibility code provision 4.3.1 of the Licence Conditions and Codes of Practice of the Gambling Act 2005, we report that of the £24,579.00 received in lottery ticket sales in 2020, 15.57% went on expenses, 17.47% on prizes and a fantastic 75.15% came back to WDC to fund our vital work.

With all our activity, supporters are given an option to opt out or unsubscribe from future communication and we always act upon and respect these requests. We have a vulnerable person policy, which includes escalation guidance, and public facing staff are aware and know when to escalate.

Lastly, we have a Supporters Charter which details our commitment to our supporters.

WDC only exists thanks to the support of amazing individuals and organisations, we never take this support for granted, and are committed to acting with the utmost professionalism and respect in all aspects of our work.

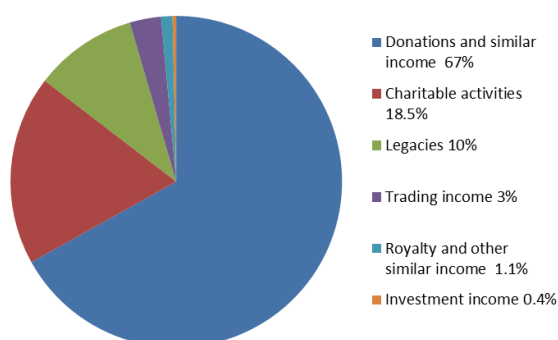
Financial review

For the year ended 30 September 2020, we are reporting an increase in income of £348,551 to £4,263,100 (2019: decrease of £1,213,623). Although our Trading income decreased by £182,164, our income from donations and legacies increased by £509,398. 36% of this increase was from legacy income. In addition, we received government grants (including those made to subsidiaries) related to COVID totalling £176,249 which accounts for 34% of the increase. Despite the uncertain times, all charities in the group saw increases in donations from individuals when compared to 2019. After initial concerns in March 2020, when some regular givers felt they had to stop or temporarily pause their giving, many of our supporters during April to September told us that they were actually able to increase their support due to savings they were making at home during lockdowns. Regular giving continues to be our main source of income, but income from partnerships has stabilised at around 19% of total donations excluding legacies. Trust income has increased slightly and we expect this upward trend to continue as we continue our Theory of Change approach and are able to more fully demonstrate our impact to philanthropists and grant makers.

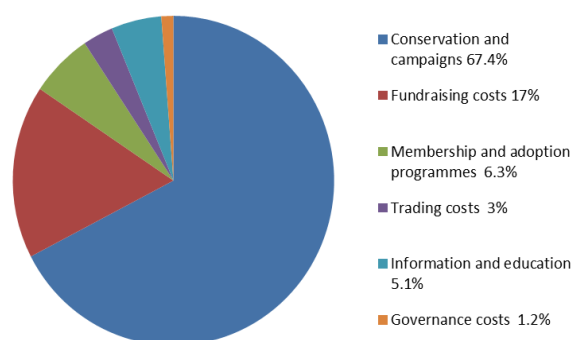
Charitable expenditure in the year amounted to £3,269,412 (2019: £3,378,364). This decrease of 3.2% reflects the effect of COVID uncertainly. In order to protect the long term viability of the charity, all non-essential expenditure was stopped in March 2020. After that point, COVID did restrict our ability to complete some of our work, for example fieldwork ceased in most cases. All spend continues to be matched to budgeted regular donation income expected during the year.

The cost of raising funds has decreased by 16% from £969,947 to £820,724. We took a cautious approach to expenditure on our membership and adoption programmes, ensuring we continued to communicate with our supporters but did not launch any new products in this area. The temporary closure of the Scottish Dolphin Centre due to COVID restrictions meant we had to close our shop and café as mandated by the government. See below for more information about our Trading activities.

Where our income came from:



Where the money is spent:



Report of the Trustees (continued)

Financial review (continued)

Performance of Subsidiaries

The US subsidiary is showing net income of £154,204 in the year. Income increases came from legacies and individual giving. Expenditure was less than last year, with a sizeable amount having to be postponed due to COVID. This has resulted in restricted assets being 32% greater than last year, as these funds are earmarked to be spent in areas that were curtailed due to COVID. In addition the US subsidiary carries a healthy unrestricted reserve into the current year to help any fluctuations in donation income from individuals, legacies and trusts, which can be unpredictable.

The German subsidiary had net income of £74,033. Income from individuals was higher than budget, with some new products that were tested last year continuing to be attractive to our supporters. In addition, corporate partnerships were an important source of income contributing just under 7% of total income. Germany is building on these successes to continue to produce a positive year end result.

The Trading company was hit hard by COVID restrictions but still was able to produce net income of £7,267 (2019: £63,259). This was disappointing as the 2019 season had been the first year we had extended opening hours at the Scottish Dolphin Centre, and we were excited to be building on this success. However, COVID meant we had to shut the Centre, its shop and café, in mid-March. We reopened the café in late July as a takeaway but the shop could not open as social distancing requirements could not have been met. The raffle is also run through the Trading company and it contributed to the profit. WDC (Trading) had an historic deficit which has been reduced in each of the last eight years. COVID will have an impact but if we are able to return to pre-COVID trading it should be eradicated over the next three years. As ever, the Trustees regularly review the activities of the Trading company and consider that it is useful to the charity as it allows important activities to be undertaken which benefit the charitable objectives but may not be able to be undertaken by a charity. This is especially true as we expand our corporate activities, some of which can most effectively be done via this company.

Reserves Policy

WDC has a policy of holding sufficient financial reserves to fund current and future activities. Reserves are held to cover for cash flow fluctuations, to provide for unforeseen costs, to provide for a buffer against a fall in income and to enable it to take advantage of unforeseen opportunities. WDC's objective is to maintain an appropriate level of reserves to keep pace with the development of the organisation, with regular reviews being performed of both the reserves policy itself and the level of reserves held.

As a result of the most recent review, the trustees have determined that the reserve level which will meet the above objectives is £1,000,000 in unrestricted funds.

At the year end, as a group, WDC had total reserves of £2,215,310 as follows:

	Total £
Unrestricted – Operational (free reserves)	1,000,000
Unrestricted – Designated	<u>939,748</u>
Total Unrestricted	1,939,748
Restricted reserves	<u>275,562</u>
Total reserves	<u>2,215,310</u>

The receipt of two unusually large legacies in the past six years and higher than usual partnerships income in 2018 has resulted in unrestricted reserves (free reserves) being in excess of the targeted minimum reserve amount of £1,000,000. The balance of £939,748 has been designated as a strategic reserve. This is being allocated to current and future projects that will allow WDC to invest and grow income in order to implement our strategic plan over the next two years.

Total unrestricted reserves at the year-end of £1,939,748 represent just over six months of unrestricted fund expenditure for the group.

Report of the Trustees (continued)

Statement of trustees' responsibilities

The trustees (who are also directors of Whale and Dolphin Conservation for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the group and charity and the income and expenditure of the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the charity's constitution. They are also responsible for safeguarding the assets of the group and charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

A resolution for the reappointment of BDO LLP as auditor of the charity is to be proposed at the forthcoming Annual General Meeting.

By order of the trustees



Dr. Lisa Drewe
Chairman

Date: 23 June 2021

Independent auditor's report to the trustees and members of Whale and Dolphin Conservation

Opinion

We have audited the financial statements of Whale and Dolphin Conservation ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 30 September 2020 which comprise the consolidated statement of financial activities, the consolidated balance sheet and Parent Charitable Company balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 30 September 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report of the trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the trustees and members of Whale and Dolphin Conservation (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which are included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- proper and adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report.

Responsibilities of Trustees

As explained more fully in the Statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Independent auditor's report to the trustees and members of
Whale and Dolphin Conservation (continued)**

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

DA15AED75D45453...

Heather Wheelhouse (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Bristol, UK
Date 24 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Whale and Dolphin Conservation
(Limited by guarantee)**

**Consolidated statement of financial activities
Year ended 30 September 2020
(including an income and expenditure account)**

	Note	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations and legacies:					
Donations and similar income	5	2,508,041	344,765	2,852,806	2,526,515
Legacies	6	428,764	-	428,764	245,657
Charitable activities:					
Membership and adoption programmes		789,009	-	789,009	778,589
Other trading activities:					
Merchandise, cafe, raffle and magazine income	7	130,026	-	130,026	312,190
Royalty and other similar income		46,980	-	46,980	39,439
Interest	8	15,515	-	15,515	12,159
Total income		3,918,335	344,765	4,263,100	3,914,549
Expenditure on:					
Raising funds					
Fundraising costs		695,630	-	695,630	747,558
Merchandise, cafe, raffle and magazine costs		125,094	-	125,094	222,389
Costs of raising funds		820,724	-	820,724	969,947
Charitable activities					
Conservation and campaigns		2,433,836	322,338	2,756,174	2,795,277
Information and education		206,460	-	206,460	203,125
Membership and adoption programmes		257,279	-	257,279	339,296
Governance costs		49,499	-	49,499	40,666
Total charitable activities expenditure		2,947,074	322,338	3,269,412	3,378,364
Total expenditure	10	3,767,798	322,338	4,090,136	4,348,311
Net losses on investments		(17,017)	-	(17,017)	(5,010)
Net income/(expenditure) for the year		133,520	22,427	155,947	(438,772)
Reconciliation of funds:					
Total funds brought forward		1,806,228	253,135	2,059,363	2,498,135
Total funds carried forward	25&26	1,939,748	275,562	2,215,310	2,059,363

All results arose from continuing operations. There were no recognised gains or losses for either financial year other than the results shown above.

The net loss for the year of the parent was £57,270 (2019: net loss £509,675)

The notes on pages 24 to 40 form part of these financial statements.

**Whale and Dolphin Conservation
(Limited by guarantee)**

**Consolidated statement of financial activities
Year ended 30 September 2019
(including an income and expenditure account)**

	Note	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Income from:				
Donations and legacies:				
Donations and similar income	5	2,154,041	372,474	2,526,515
Legacies	6	245,657	-	245,657
Charitable activities:				
Membership		199,559	-	199,559
Adoption programmes		579,030	-	579,030
Other trading activities:				
Merchandise, cafe, raffle and magazine income	7	312,190	-	312,190
Royalty and other similar income		39,439	-	39,439
Interest	8	12,159	-	12,159
Total income		3,542,075	372,474	3,914,549
Expenditure on:				
Raising funds				
Fundraising costs		747,558	-	747,558
Merchandise, cafe, raffle and magazine costs		222,389	-	222,389
Costs of raising funds		969,947	-	969,947
Charitable activities				
Conservation and campaigns		2,480,705	314,572	2,795,277
Information and education		203,125	-	203,125
Membership		31,719	-	31,719
Adoption programmes		307,577	-	307,577
Governance costs		40,666	-	40,666
Total charitable activities expenditure		3,063,792	314,572	3,378,364
Total expenditure	10	4,033,739	314,572	4,348,311
Net losses on investments		(5,010)	-	(5,010)
Net (expenditure)/income for the year		(496,674)	57,902	(438,772)
Reconciliation of funds:				
Total funds brought forward		2,302,902	195,233	2,498,135
Total funds carried forward	25&26	1,806,228	253,135	2,059,363

All results arose from continuing operations. There were no recognised gains or losses for the financial year other than the results shown above.


The notes on pages 24 to 40 form part of these financial statements.

Whale and Dolphin Conservation (Limited by guarantee)

Balance sheet 30 September 2020

	Note	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Fixed assets					
Tangible fixed assets	15	86,332	106,000	54,689	66,254
Investments	16	-	-	-	-
		<u>86,332</u>	<u>106,000</u>	<u>54,689</u>	<u>66,254</u>
Current assets					
Stock	17	51,214	37,465	-	-
Debtors	18	566,656	389,124	616,205	442,476
Investments	19	562,835	183,243	329,789	20,356
Cash at bank & in hand		1,326,111	1,681,818	792,787	1,393,648
		<u>2,506,816</u>	<u>2,291,650</u>	<u>1,738,781</u>	<u>1,856,480</u>
Liabilities:					
Creditors: amounts falling due within one year	20	<u>(256,237)</u>	<u>(338,287)</u>	<u>(200,087)</u>	<u>(272,081)</u>
Net current assets		<u>2,250,579</u>	<u>1,953,363</u>	<u>1,538,694</u>	<u>1,584,399</u>
Creditors: amounts falling due after one year	22	<u>(121,601)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets		<u><u>2,215,310</u></u>	<u><u>2,059,363</u></u>	<u><u>1,593,383</u></u>	<u><u>1,650,653</u></u>
Unrestricted funds	25&26				
Operational funds – free reserves		1,000,000	1,000,000	900,000	900,000
Designated funds		939,748	806,228	633,381	668,292
		<u>1,939,748</u>	<u>1,806,228</u>	<u>1,533,381</u>	<u>1,568,292</u>
Restricted funds	25&26	<u>275,562</u>	<u>253,135</u>	<u>60,002</u>	<u>82,361</u>
Total funds		<u><u>2,215,310</u></u>	<u><u>2,059,363</u></u>	<u><u>1,593,383</u></u>	<u><u>1,650,653</u></u>

These financial statements were approved and authorised for issue by the trustees on 23 June 2021 and signed on their behalf.



Lisa Drewe
Chairman

The notes on pages 24 to 40 form part of these financial statements.

Registered number: 02737421

**Whale and Dolphin Conservation
(Limited by guarantee)**

**Consolidated statement of cash flows
Year ended 30 September 2020**

	2020 £	2019 £
Cash flows from operating activities		
Net cash used in operating activities (note 27)	(72,718)	(23,281)
Cash flows from investing activities		
Purchase of tangible fixed assets	(7,981)	(49,165)
Purchase of investments	<u>(396,609)</u>	<u>(9,090)</u>
Cash used in investing activities	<u>(404,590)</u>	<u>(58,255)</u>
Cash flows from financing activities		
New bank loan	<u>121,601</u>	-
Cash provided by financing activities	<u>121,601</u>	<u>-</u>
Change in cash and cash equivalents in the year	<u>(355,707)</u>	<u>(81,536)</u>
Cash and cash equivalents at the beginning of the year	<u>1,681,818</u>	<u>1,763,354</u>
Total cash and cash equivalents at the end of the year	<u><u>1,326,111</u></u>	<u><u>1,681,818</u></u>

The notes on pages 24 to 40 form part of these financial statements.

Notes to the financial statements
Year ended 30 September 2020

1. Legal status of the charity

Whale and Dolphin Conservation (WDC) is a company limited by guarantee, not having a share capital. The liability of the members in the event of winding up is limited to an amount not exceeding £1 per member. At 30 September 2020 there were five members.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

a) Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice: "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland" (The Charities SORP 2nd Edition effective 1 January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006 and the Charities Act 2011.

Whale and Dolphin Conservation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost of transaction value unless otherwise stated in the relevant accounting policy note.

The presentational currency of these financial statements is pound sterling rounded to the nearest £1.

b) Basis of consolidation

The group accounts consolidate the accounts of the WDC and its subsidiary undertakings on a line by line basis. The accounts are made up to 30 September 2020.

In accordance with the Companies Act 2006 WDC is exempt from the requirement to present its own statement of financial activities. This is however, a requirement in Scotland so it has been included in note 3. Net movement in funds for the year ended 30 September 2020 for the charity was a loss of £57,270.

The amount of the result for the financial period dealt with in the financial statement of subsidiaries is disclosed in note 16 to these accounts.

c) Preparation of the accounts on a going concern basis

The Trustees have considered a period of at least 12 months from the date of signing these financial statements. Given the level of reserves, cash and bank balances and the current operating position of the charitable group, they consider that the accounts should be prepared on the going concern basis.

The Trustees are of the opinion that there is no material uncertainty related to going concern and that the Charity will continue to be a going concern for a period of at least 12 months from the date of signing the financial statements.

Since March 2020 to the date of signing these financial statements the outbreak of the pandemic, Covid-19, has had an economic effect across all sectors and WDC has considered the effect on the charity as a going concern, its resilience through this period and the effect on the assets and funds of the charity. The trustees have reviewed the revised financial plans and agreed a series of responses that should ensure financial stability in these difficult times. The estimated worst case financial effect is mainly seen in an estimated £2,952,000 reduction in income, with a planned £2,142,000 reduction in expenditure to mitigate the effect and ensure that this does not affect our business-critical activities. Forecast legacies receivable of £376,277 may also be affected if property prices and stock markets fall. These estimates relate to the period ending September 2022.

On review of the financial plans to the end of 30 September 2022 the trustees have concluded that this will not affect the ability of the charity to continue as a going concern.

Notes to the financial statements
Year ended 30 September 2020 (continued)

c) Preparation of the accounts on a going concern basis (continued)

Stress test

The length of the Covid-19 outbreak and the measures taken by the Government to contain this are not known and outside of our control but we have put processes in place to manage cash flow on a monthly basis and review financial stability as matters progress.

During the course of the audit, and as part of our regular risk assessment, we performed a stress test which assumes that there is no income from 1 Feb 2021, other than legacy debtors, as an extreme worst-case scenario. Allowing for the time needed to implement cost reductions the charity would have a cash balance of approximately £410,000 at the end of the period to 30 June 2022. This would see the charity through and past the 12 months period from sign off. This situation is extremely unlikely and other business changes which could be made due to Covid-19 have been drawn up and all result in a positive cash flow.

Given the cash resources and unrestricted funds as at the date of signing these financial statements, and as WDC has not yet experienced a downturn of the order of the worst case scenario modelled above, let alone a no income situation, the trustees believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern. The trustees, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

The Charity does not consider that there would be a significant potential effect on the balance sheet for the year ended 30 September 2020 over and above the knock on effect of any downward effects from matters noted above.

d) Income

Donations, except in relation to legacies and non-monthly adoptions, are accounted for when receivable at head office.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material (see note 20).

Most adoption programme income is collected on a monthly basis. However, there are some annual and quarterly adoptions. Income received for these adoptions is deferred and matched to the period the adoption covers. See note 25.

Subscription and appeal income is allocated to the accounting period to which it relates. Other income is included in the financial statements when receivable.

Gifts in kind are recognised within donations in the year that they are received at a market value provided by the donor.

Payments received from government for furloughed employees or for Covid-19 related employee support are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and the related expense is incurred.

e) Fixed assets and depreciation

Expenditure of a capital nature and in excess of £3,000 in value is capitalised.

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful economic lives and as follows:

Tenants improvements	- period of lease
Fixtures, fittings & equipment	- 20% straight line per annum
Computer equipment	- 25% straight line per annum

Notes to the financial statements
Year ended 30 September 2020 (continued)

f) Current asset investments

The Company carries investments at fair value. Interest and dividends are recorded when earned. Gains and losses are recognised as incurred or based on fair value changes during the period. Investments are exposed to risks such as interest rates, credit and overall market volatility.

g) Resources expended

Resources expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the charitable company, such as the costs of board and committee meetings, satisfying statutory requirements.

h) Grant making

WDC invites applications for funding of cetacean research projects, using benign research techniques.

Applications are submitted in a specific format and reviewed by the WDC panel of staff and consultants. Projects are monitored on a regular basis and a final report is submitted for each project. The liability for the grant is recognised at the point that the contract is signed and authorised by the Chief Executive. Grants awarded during the year did not exceed 5% of total resources expended.

i) Donations

WDC donates funds to WDC Australasia to enable them to further their campaigns and conservation projects in their region. WDC Australasia is able to spend these funds at their own discretion and is free of any conditions from WDC.

j) Taxation

The charitable company is a registered charity, and as such is entitled to tax exemptions on income and gains, properly applied for its charitable purposes.

The profits of the non-charitable UK subsidiary are normally gift aided to the parent company, any surplus remaining is subject to a taxation charge. The charge for taxation is based on the result for the year. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by accounting standards.

k) Operating leases

All leases entered into are operating leases. The rental charges are charged to the statement of financial activities on a straight line basis over the life of the lease.

l) Stock

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Notes to the financial statements
Year ended 30 September 2020 (continued)

p) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

q) Pensions

The group contributes to a group personal pension scheme. The amount charged against income represents the contributions payable to the schemes in respect of the accounting period.

r) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of financial activities.

s) Fund accounting

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

Restricted income funds

Donations or legacies which are earmarked by the donor for specific purposes or by the terms of the appeal. Such purposes are within the overall aims of the organisation. From these funds, the donation and income deriving there from may only be utilised in accordance with the specific purposes.

Designated funds

Designated funds are those unrestricted funds that have been designated for a specific purpose. These funds are being allocated to current and future projects that will allow WDC to invest and grow income in order to implement our strategic plan over the next two years.

General funds

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

t) Critical accounting estimates and areas of judgement

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charitable company's accounting policies. Estimates and judgments are continually evaluated by Management and the Trustees based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The principal judgements and estimates adopted relate to the accounting for legacies and the amount receivable at the year end; and the provision required against the carrying value of the investments in group companies.

Notes to the financial statements
Year ended 30 September 2020 (continued)

3. Statement of financial activities – Charity

	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Total funds 2019 £
Income from:				
Donations and legacies:				
Donations and similar income	1,469,072	158,732	1,627,804	1,441,890
Legacies	362,281	-	362,281	240,627
Charitable activities:				
Membership and adoption programmes	789,009	-	789,009	778,589
Other activities:				
Intercompany income	54,148	-	54,148	90,577
Royalty and similar income	6,674	-	6,674	17,380
Interest	12,920	-	12,920	6,974
Total income	2,694,104	158,732	2,852,836	2,576,037
Expenditure on:				
Raising funds				
Fundraising costs	657,998	-	657,998	737,562
Costs of raising funds	657,998	-	657,998	737,562
Charitable activities				
Conservation and campaigns	1,562,636	181,091	1,743,727	1,781,927
Information and education	206,460	-	206,460	203,125
Membership and adoption programmes	257,279	-	257,279	337,296
Governance costs	27,625	-	27,625	18,792
Total charitable activities expenditure	2,054,000	181,091	2,235,091	2,343,140
Total expenditure	2,711,998	181,091	2,893,089	3,080,702
Net losses on investments	(17,017)	-	(17,017)	(5,010)
Net expenditure	(34,911)	(22,359)	(57,270)	(509,675)
Reconciliation of funds:				
Total funds brought forward	1,568,292	82,361	1,650,653	2,160,328
Balances carried forward	1,533,381	60,002	1,593,383	1,650,653

Restricted fund information for the comparative period was: donations and similar income £126,337; conservation and campaigns expenditure £116,176; net income £10,161.

Notes to the financial statements
Year ended 30 September 2020 (continued)

4. Statement of cash flows - Charity

	2020 £	2019 £
Cash flows from operating activities		
Net cash used in operating activities (note 29)	(267,516)	(84,644)
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,895)	(19,622)
Purchase of investments	(326,450)	-
Cash used in investing activities	(333,345)	(19,622)
Cash flows from financing activities	-	-
Change in cash and cash equivalents in the year	(600,861)	(104,266)
Cash and cash equivalents at the beginning of the year	1,393,648	1,497,914
Total cash and cash equivalents at the end of the year	792,787	1,393,648

5. Donations and similar income

	2020 £	2019 £
Individuals	1,552,645	1,483,746
Corporate Partnerships	494,275	471,319
Trusts	411,954	348,874
Adoption programme donations	217,683	222,576
COVID-related government grants	176,249	-
	2,852,806	2,526,515

6. Legacies

24 legacies were receivable in the year totalling £428,764 (2019: £245,657 in respect of 19 legacies).

7. Merchandise, cafe, raffle and magazine income

	2020 £	2019 £
Merchandising income	47,185	135,458
Raffle income	30,799	27,660
Cafe income	52,042	149,072
	130,026	312,190

8. Investment income

	2020 £	2019 £
Interest receivable	15,515	12,159

9. Taxation

The charitable company is a registered charity, and as such is entitled to tax exemptions on income and gains properly applied for its charitable purposes.

Whale and Dolphin Conservation
(Limited by guarantee)

Notes to the financial statements
Year ended 30 September 2020 (continued)

10. Expenditure

	Staff costs (note 12) £	Other direct costs £	Total 2020 £	Total 2019 £
Costs of raising funds				
Fundraising costs	496,345	199,285	695,630	747,558
Merchandise, raffle and magazine costs				
Cost of merchandise, café sales	-	34,164	34,164	109,889
Raffle costs	-	19,699	19,699	21,692
Administration costs	48,147	23,084	71,231	90,808
	<u>544,492</u>	<u>276,232</u>	<u>820,724</u>	<u>969,947</u>
Charitable activities				
Conservation, campaigns and donations	1,724,017	1,032,157	2,756,174	2,795,277
Information and education	-	206,460	206,460	203,125
Membership and adoption programmes	-	257,279	257,279	339,296
Governance costs	-	49,499	49,499	40,666
	<u>1,724,017</u>	<u>1,545,395</u>	<u>3,269,412</u>	<u>3,378,364</u>
	<u>2,268,509</u>	<u>1,821,627</u>	<u>4,090,136</u>	<u>4,348,311</u>

Other direct costs include:

	2020 £	2019 £
Auditor's remuneration - group	27,625	20,428
Auditor's remuneration – subsidiary companies	21,874	18,393
Group auditors – payments for other services	4,525	-
Operating lease rentals – land and buildings	116,086	127,127
– plant and machinery	21,341	11,066
Depreciation	<u>27,649</u>	<u>15,100</u>

11. Trustee remuneration

No remuneration was paid to the trustees and no expense reimbursements were made to trustees in either year.

Notes to the financial statements
Year ended 30 September 2020 (continued)

12. Staff costs

	2020	2019
	£	£
Wages and salaries	1,984,558	1,900,005
Social security costs	209,250	201,039
Other pension costs (note 14)	74,701	65,899
	<u>2,268,509</u>	<u>2,166,943</u>

The number of employees paid in excess of £60,000 was:

	2020	2019
	No.	No.
In the band £60,001 - £70,000	<u>1</u>	<u>1</u>

WDC considers its key management personnel to be the Trustees and the seven members of the UK Senior Management Team. The total employment benefits including employer's pension contributions of the key management personnel was £346,351 (2019: £313,202 for seven staff) on which there was employer's NI of £27,695 (2019 - £24,450). The Trustees receive no remuneration.

13. Number of staff

The average number of employees, calculated on a full-time equivalent basis, analysed by function was:

	2020	2019
	No.	No.
Charitable activities	40	39
Cost of raising funds	18	20
Management and administration of the charity	11	11
	<u>69</u>	<u>70</u>
Average number of employees	<u>99</u>	<u>95</u>

14. Pension costs

The group contributes to a group personal pension scheme. The charge for the year represents contributions payable by the group to the scheme and amounted to £74,701 (2019: £65,899). Pension commitments as at the year-end were £6,032 (2019: £6,227)

Notes to the financial statements
Year ended 30 September 2020 (continued)

15. Tangible fixed assets

Group	Tenants improvements £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At beginning of year	40,000	248,846	308,594	597,440
Additions	-	7,981	-	7,981
Disposals	-	-	-	-
At 30 September 2020	40,000	256,827	308,594	605,421
Depreciation				
At beginning of year	40,000	153,889	297,551	491,440
Charge for the year	-	20,093	7,556	27,649
Eliminated on disposal	-	-	-	-
At 30 September 2020	40,000	173,982	305,107	519,089
Net book value				
At 30 September 2020	-	82,845	3,487	86,332
At 30 September 2019	-	94,957	11,043	106,000

Charity	Tenants improvements £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At beginning of year	40,000	178,363	279,937	498,300
Additions	-	6,895	-	6,895
At 30 September 2020	40,000	185,258	279,937	505,195
Depreciation				
At beginning of year	40,000	112,109	279,937	432,046
Charge for the year	-	18,460	-	18,460
At 30 September 2020	40,000	130,569	279,937	450,506
Net book value				
At 30 September 2020	-	54,689	-	54,689
At 30 September 2019	-	66,254	-	66,254

16. Fixed asset investments

Name of subsidiary	WDC (Trading) Limited	WDC Germany GmbH	WDC (North America) Inc
Country of registration	England	Germany	USA
Registered address	Brookfield House 38 St Paul Street Chippenham SN15 1LJ UK	Implerstrasse 55 81371 Munich Germany	7 Nelson Street Plymouth 02360 MA USA
Company number	02593116	HRB126158	Not applicable
Ownership	100% owned by WDC	100% owned by WDC	Licence agreement and under the control of WDC through Board membership

Notes to the financial statements
Year ended 30 September 2020 (continued)

16. Fixed asset investments (continued)

The profit and loss accounts and balance sheets of the subsidiaries are summarised below:

Profit and loss accounts

	WDC (Trading) £	WDC GmbH £	WDC (NA)Inc £
Merchandising income & cafe	97,709	-	7,199
Event income	-	-	-
Legacies	-	-	66,483
Raffle income	30,651	-	-
Donations	4,641	581,794	650,533
Royalty and other similar income	27,676	-	2,456
Investment income	-	-	3,795
Total income	160,677	581,794	730,466
Merchandising and cafe	87,731	-	-
Event costs	-	-	-
Raffle expenditure	(19,699)	-	-
Administration expenses	(42,430)	-	-
Fundraising costs	-	-	(67,630)
Charitable expenses	-	(499,058)	(498,429)
Governance costs	(3,550)	8,703	(10,203)
Total expenses	(153,410)	(507,761)	(576,262)
Surplus	7,267	74,033	154,204

Balance sheets

	WDC (Trading) £	WDC GmbH £	WDC (NA)Inc £
Fixed assets	2,840	-	28,803
Current assets	74,149	188,668	549,491
Creditors: amounts falling due within one year	(145,552)	(36,745)	(15,297)
Net current (liabilities)/assets	(71,403)	151,923	534,194
Total assets less net current liabilities	(68,563)	151,923	562,997
Creditors: amounts falling due after more than one year	-	-	(121,601)
Net (liabilities)/assets	(68,563)	151,923	471,396

17. Stock

	Group 2020 £	Group 2019 £	Charity 2019 £	Charity 2018 £
Goods for resale	51,214	37,465	-	-

Stock recognised in cost of sales during the year as an expense was £46,824 (2019 - £134,817).

Notes to the financial statements
Year ended 30 September 2020 (continued)

18. Debtors

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Amounts falling due within one year				
VAT	1,338	3,731	1,338	6,059
Amounts owed by subsidiary undertakings	-	-	141,443	151,655
Less provisions against amounts owed	-	-	(67,363)	(75,830)
Prepayments and other accrued income	565,318	385,393	540,787	360,592
Total	566,656	389,124	616,205	442,476

The loans to subsidiary undertakings are repayable on demand, however, WDC have indicated that they will not seek repayment during the next year. A loan of £50,000 (2019: £50,000) included in the above balances, received interest at 2% above the base rate of the Bank of England. There is no security on this loan.

19. Current asset investments

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Listed investments	3,340	20,356	3,340	20,356
Other investments	559,495	162,887	326,449	-
	<u>562,835</u>	<u>183,243</u>	<u>329,789</u>	<u>20,356</u>

The listed investments above relate to shares held in Rolls Royce Holdings plc.

The other investments are either cash deposits of greater than one year or are related to open-end mutual funds registered with the Security and Exchange Commission (SEC) held by WDC (NA). These funds are required to publish their net asset value and transact at that price and are deemed to be actively traded.

20. Contingent assets – legacy income

As of 30 September the charity had been notified of 1 legacy (2019: 1) with an estimated value of £46,250 (2019: £46,250). This has not been included in the accounts as there was insufficient probability of receipt to enable its inclusion. This remains the situation as at the time of signing the accounts.

21. Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Trade creditors	79,499	147,154	53,719	124,785
Social security	30,996	30,662	30,996	30,662
VAT	2,135	-	-	-
Deferred income	32,491	35,017	32,491	35,017
Provisions	17,029	-	17,029	-
Accruals	94,087	125,454	65,852	81,617
Total	256,237	338,287	200,087	272,081

Notes to the financial statements
Year ended 30 September 2020 (continued)

22. Creditors: amounts falling due after one year

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Small Business Association Economic Injury Disaster Loan	<u>121,601</u>	-	-	-

Under the CARES Act, the US subsidiary received from the Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) Advance in the amount of £6,202 and Economic Injury Disaster Loan (EIDL) in the amount of £115,399 on 13 June 2020. WDC (US) had an obligation to SBA bearing interest at 2.75%. The loan is payable in monthly instalments of £497, including interest, and is collateralised by all tangible and intangible personal property.

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Due in one year	880	-	-	-
Due between 2 and 5 years	11,218	-	-	-
Due in more than 5 years	<u>110,383</u>	-	-	-
	<u>122,481</u>	-	-	-

23. Deferred income

Deferred income comprises income from adoptions received during the year but which relates to the next financial year. This amount is estimated based on annual and quarterly donations and the balance of deferred income is adjusted to reflect the amount relevant to future periods.

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Balance as at 1 October	35,017	35,017	35,017	35,017
Released to income earned from charitable activities	(35,017)	(35,017)	(35,017)	(35,017)
Deferred in year	<u>32,941</u>	35,017	<u>32,491</u>	35,017
Balance at 30 September	<u>32,491</u>	35,017	<u>32,491</u>	35,017

24. Commitments under operating leases

The group has minimum lease payments under non-cancellable operating leases as set out below:

Group	2020 Other £	2020 Land & Buildings £	2029 Other £	2019 Land & Buildings £
Not later than one year	35,727	105,538	8,557	98,012
Later than one year and not later than five years	23,217	59,979	21,064	101,953
Later than five years	-	-	-	-
Total	<u>58,944</u>	<u>165,517</u>	<u>29,621</u>	<u>199,965</u>

Notes to the financial statements
Year ended 30 September 2020 (continued)

24. Commitments under operating leases (continued)

Charity	2020 Other £	2020 Land & Buildings £	2019 Other £	2019 Land & Buildings £
No later than one year	7,270	89,900	6,002	83,207
Later than one year and not later than five years	14,175	51,800	18,954	94,360
Later than five years	-	-	-	-
Total	21,445	141,700	24,956	177,567

The charitable company negotiated a new lease on their premises commencing 1 February 2017. The lease is for 10 years at an initial rental of £700,000 (for full 10 year term) with a break clause and rent review after 5 years. Only the liability relating to the lease until the break clause is included above. The additional liability is £350,000 which would be split a further £326,667 (£2019 - £256,667) in 2 to 5 years and £23,333 (2019 - £93,333) in over 5 years.

25. Statement of funds

Group	Balance at 1 October 2019 £	Income £	Expenditure £	Gains/ (losses) and transfers £	Balance at 30 September 2020 £
Operational funds – free reserves	1,000,000	3,918,335	(3,767,798)	(150,537)	1,000,000
Designated funds	806,228	-	-	133,520	939,748
Restricted funds	253,135	344,765	(322,338)	-	275,562
Total funds	2,059,363	4,263,100	(4,090,136)	(17,017)	2,215,310

Charity	Balance at 1 October 2019 £	Income £	Expenditure £	Gains/(losses) and transfers £	Balance at 30 September 2020 £
Operational funds – free reserves	900,000	2,694,104	(2,711,998)	17,894	900,000
Designated funds	668,292	-	-	(34,911)	633,381
Restricted funds	82,361	158,732	(181,091)	-	60,002
Total funds	1,650,653	2,852,836	(2,893,089)	(17,017)	1,593,383

Restricted funds are funds which have been given for particular purposes and projects and where donors have specifically requested how their donations may be spent.

Designated funds are those unrestricted funds that have been designated for a specific purpose as explained in more detail in the reserves policy in the Trustees Report.

Notes to the financial statements
Year ended 30 September 2020 (continued)

25. Statement of funds (continued)

2019 comparative

Group	Balance at 1 October 2018	Income	Expenditure	Gains/ (losses) and transfers	Balance at 30 September 2019
	£	£	£	£	£
Operational fund – free reserves	1,000,000	3,542,075	(3,537,065)	(5,010)	1,000,000
Designated funds	1,302,902	-	(496,674)	-	806,228
Restricted funds	<u>195,233</u>	<u>372,474</u>	<u>(314,572)</u>	<u>-</u>	<u>253,135</u>
Total funds	<u>2,498,135</u>	<u>3,914,549</u>	<u>(4,348,311)</u>	<u>(5,010)</u>	<u>2,059,363</u>

Charity	Balance at 1 October 2018	Income	Expenditure	Gains/ (losses) and transfers	Balance at 30 September 2019
	£	£	£	£	£
Operational fund – free reserves	1,000,000	2,449,700	(2,444,690)	(105,010)	900,000
Designated funds	1,088,128		(519,836)	100,000	668,292
Restricted funds	<u>72,200</u>	<u>126,337</u>	<u>(116,176)</u>	<u>-</u>	<u>82,361</u>
Total funds	<u>2,160,325</u>	<u>2,576,037</u>	<u>(3,080,702)</u>	<u>(5,010)</u>	<u>1,650,653</u>

Restricted Fund Balances

Group	Balance at 30 September 2019	Income	Expenditure	Balance at 30 September 2020
	£	£	£	£
Critical Habitat Fund	93,500	22,842	(8,084)	108,258
Biomass Boiler Fund	38,376	-	(14,549)	23,827
Important Marine Mammal Project	6,510	50,728	(41,550)	15,688
Orca Research Projects	6,062	16,719	(10,126)	12,655
North Atlantic Right Whale Projects	42,883	19,814	(46,898)	15,799
Project funds (UK and US)	61,865	118,383	(159,761)	20,487
US Education project	-	116,279	(37,698)	78,581
CRM system Fund US	1,626	-	(1,626)	-
Reward Fund	2,033	-	(2,033)	-
Salt Quay Fund	<u>280</u>	<u>-</u>	<u>(13)</u>	<u>267</u>
	<u>253,135</u>	<u>344,765</u>	<u>(322,338)</u>	<u>275,562</u>
Charity				
Biomass Boiler Fund	38,376	-	(14,549)	23,827
Project funds	37,475	108,004	(124,992)	20,487
Important Marine Mammal Project	<u>6,510</u>	<u>50,728</u>	<u>(41,550)</u>	<u>15,688</u>
	<u>82,361</u>	<u>158,732</u>	<u>(181,091)</u>	<u>60,002</u>

Notes to the financial statements
Year ended 30 September 2020 (continued)

25. Statement of funds (continued)

Restricted Fund Balances – 2019 comparative

	Balance at 30 September 2018	Income	Expenditure	Balance at 30 September 2019
Group	£	£	£	£
Critical Habitat Fund	106,485	28,493	(41,478)	93,500
Biomass Boiler Fund	46,544	-	(8,168)	38,376
Important Marine Mammal Project	1,923	48,299	(43,712)	6,510
Orca Research Projects	11,284	18,636	(23,858)	6,062
North Atlantic Right Whale Projects	-	64,802	(21,919)	42,883
Project funds (UK and US)	23,733	212,118	(173,986)	61,865
CRM system Fund US	3,077	-	(1,451)	1,626
Reward Fund	1,923	110	-	2,033
Salt Quay Fund	264	16	-	280
	<u>195,233</u>	<u>372,474</u>	<u>314,572</u>	<u>253,135</u>
Charity				
Biomass Boiler Fund	46,544	-	(8,168)	38,376
Project funds	23,733	78,038	(64,296)	37,475
Important Marine Mammal Project	1,923	48,299	(43,712)	6,510
	<u>72,200</u>	<u>126,337</u>	<u>(116,176)</u>	<u>82,361</u>

26. Analysis of net assets between funds

Group	Restricted funds £	Unrestricted funds £	Total £
Fund balances at 30 September 2020 are represented by:			
Tangible fixed assets	-	86,332	86,332
Current assets	275,562	2,231,254	2,506,816
Current liabilities	-	(256,237)	(256,237)
Long term liabilities	-	(121,601)	(121,601)
Total net assets	<u>275,562</u>	<u>1,939,748</u>	<u>2,215,310</u>
Charity			
Fund balances at 30 September 2020 are represented by:			
Tangible fixed assets	-	54,689	54,689
Current assets	60,002	1,678,779	1,738,781
Current liabilities	-	(200,087)	(200,087)
Total net assets	<u>60,002</u>	<u>1,533,381</u>	<u>1,593,383</u>

Notes to the financial statements
Year ended 30 September 2020 (continued)

26. Analysis of net assets between funds (continued)

Analysis of net assets between funds (prior year)

Group	Restricted funds £	Unrestricted funds £	Total £
Fund balances at 30 September 2019 are represented by:			
Tangible fixed assets	-	106,000	106,000
Current assets	253,135	2,038,515	2,291,650
Current liabilities	-	(338,287)	(338,287)
Total net assets	253,135	1,806,228	2,059,363
Charity			
	Restricted funds £	Unrestricted funds £	Total £
Fund balances at 30 September 2019 are represented by:			
Tangible fixed assets	-	66,254	66,254
Current assets	82,361	1,774,119	1,856,480
Current liabilities	-	(272,081)	(272,081)
Total net assets	82,361	1,568,292	1,650,653

27. Reconciliation of net income/(expenditure) to net cash flow from operating activities

Consolidated	2020 £	2019 £
Net income/(expenditure) for the year	155,947	(438,772)
Adjustments for:		
Depreciation	27,649	15,100
Loss on disposal of assets	-	1,129
Investment loss	17,017	5,010
(Increase)/Decrease in stocks	(13,749)	4,805
Decrease/(increase) in debtors	(177,532)	428,061
(Decrease) in creditors	(82,050)	(38,614)
Net cash outflow from operating activities	(72,718)	(23,281)
Reconciliation of net income to net cash flow from operating activities		
Charity		
	2020 £	2019 £
Net expenditure for the year	(57,270)	(509,675)
Adjustments for:		
Depreciation charges	18,460	12,012
Investment loss	17,017	5,010
Decrease/(increase) in debtors	(173,729)	444,519
(Decrease)/increase in creditors	(71,994)	(36,510)
Net cash outflow from operating activities	(267,516)	(84,644)

Notes to the financial statements
Year ended 30 September 2020 (continued)

28. Analysis of cash and cash equivalents

Consolidated

	2020 £	2019 £
Cash at bank	<u>1,326,111</u>	1,681,818
Total cash and cash equivalents at year end	<u>1,362,111</u>	<u>1,681,818</u>

Charity

	2020 £	2019 £
Cash at bank	<u>792,787</u>	1,393,648
Total cash and cash equivalents at year end	<u>792,787</u>	<u>1,393,648</u>

29. Analysis of changes in net debt

Consolidated

	At 1 October 2019 £	Cash flows £	At 30 September 2020 £
Cash	1,681,818	(355,707)	1,326,111
Loans	<u>-</u>	<u>(121,601)</u>	<u>(121,601)</u>
Total	<u>1,681,818</u>	<u>(477,308)</u>	<u>1,204,510</u>

Charity

	At 1 October 2019 £	Cash flows £	At 30 September 2020 £
Cash	1,393,648	(600,861)	792,787
Total	<u>1,393,648</u>	<u>(600,861)</u>	<u>792,787</u>

30. Related party transactions

The related party transactions entered into by the charity are detailed below. All transactions that arose were in the normal course of business.

The charity invoiced WDC (Trading) Ltd £54,148 (2019: £90,577) for management charges provided by the charity. Interest of £1,200 (2019: £1,250) was charged on the loan from the Charity to the Trading company. During the year the charity advanced £21,901 (2019: repayment of £59,978) of the amount owed to the charity. A balance of £141,443 (2019: £119,542) was owed to the charity by WDC (Trading) Ltd at the year end.

A grant of £7,327 was paid to the charity by WDC (NA) during the year to support their projects (2019: A grant of £36,531 was paid by the charity to WDC (NA)). No funds are owed to the charity by WDC (NA) at the year end (2019: £11,181). WDC (NA) repaid the total amount owing to the charity during the year.

No grants were transferred between the charity and WDC Germany during the year (2019: A grant of £10,204 was made by the charity to WDC Germany). No funds are owed to the charity by WDC Germany at the year end (2019: £20,932). WDC Germany repaid the total amount owing to the charity during the year.

During the year, WDC supported an Australian based connected charity. There is a licensing agreement between the two charities which allows WDC Australia to use the WDC logo and brand. During the year, WDC donated funds to WDC Australia which amounted to £2,322 (2019: £7,755) to support their campaigns and conservation projects.